



General Assembly

February Session, 2010

Raised Bill No. 5053

LCO No. 540

00540_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING TRANSPARENCY AND DISCLOSURE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2010*) (a) As used in this
2 section, "hedge fund" means any investment company, as defined in
3 Section 3(a)(1) of the Investment Company Act of 1940, located in this
4 state (1) that claims an exemption under Section 3(c)(1) or Section
5 3(c)(7) of the Investment Company Act of 1940; (2) whose offering of
6 securities is exempt under the private offering safe harbor criteria in
7 Rule 506 of Regulation D of the Securities Act; and (3) that meets any
8 other criteria as may be established by the Banking Commissioner in
9 regulations adopted under subsection (c) of this section. A hedge fund
10 is located in this state if such fund has an office in this state where
11 employees regularly conduct business on behalf of the hedge fund.

12 (b) Any investment adviser to a hedge fund shall disclose to each
13 investor or prospective investor in such hedge fund, not later than
14 thirty days before any such investment, any financial or other interests
15 the investment adviser may have that conflict with or are likely to
16 impair the investment adviser's duties and responsibilities to the fund

17 or its investors.

18 (c) The Banking Commissioner may adopt regulations, in
19 accordance with chapter 54 of the general statutes, to implement the
20 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>October 1, 2010</i>	New section
-----------	------------------------	-------------

Statement of Purpose:

To ensure transparency by requiring investment advisers to a hedge fund to disclose any potential conflicts of interest or interests that are likely to impair the investment adviser's duties and responsibilities to the fund or its investors.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]